

ENERGY

25 Apr: The coastal revival on Scotland's horizon £300m equity investment commitment into Ardersier Port by a leading US energy investment firm, Quantum Energy Partners ("Quantum") [BBC]

25 Apr: SNP wants powers over energy [Daily Record]

25 Apr: Boost for Scotland-Japan trade links

24 Apr: Britain joins wind power plan for turbine islands in North Sea [The Times]

21 Apr: SNP's just transition chief blows hole in independence economic case [Herald]

19 Apr: STUC figures show loss of 16,000 potential jobs in offshore wind in Scotland [The National].

19 Apr: Just transition chair vents 'frustration' over SNP ministers [Herald]

18 Apr: Nuclear must be a part of Scotland's industrial energy strategy [STUC].

13 Apr: SNP accused of using "dodgy" energy statistics again despite numerous rebukes [Daily Express].

30 Mar: As part of UKG's 'Energy Security Day – Powering Up Britain', UKG has announced several measures:

- First Track 1 successful CCS projects to be announced; Track 2 competition launched – **specifically on Acorn, UKG have confirmed Acorn is able to meet the Track 2 eligibility criteria** (without having to submit a further expression of interest – such was the strength of original bid), but are yet to provide detail on timelines for Track 2 or associated funding [p3]
- Cutting household bills with The Great British Insulation Scheme [p4]
- Announcing Great British Nuclear and an accompanying competition to select Small Modular Reactor manufacturers [p5]
- £160m investment into offshore wind [p6]
- Launch of green hydrogen production projects [inc. 5 in Scotland] [p7]
- Investing £350m into boosting EV charging points and infrastructure [p7]

TOP LINES

The Scottish Government is making excellent progress in transforming our energy sector, and our draft Energy Strategy and Just Transition Plan sets out a vision for a future net zero energy system.

- Delivering our vision will benefit communities across Scotland, provide high quality jobs, capture economic opportunities, and deliver affordability.
- The draft Energy Strategy and Just Transition Plan has been informed by a programme of independent work and analysis to better understand our energy requirements as we transition to net zero.
- We have taken a series of steps to strengthen the relationship between the Scottish Government and the Just Transition Commission, recognising their role is to scrutinise and provide expert advice.
- Their advice will be valuable as we refine the Energy Strategy and Just Transition Plan following the conclusion of the consultation period.
- Our ambition to grow renewables in Scotland by an additional 20GW of renewable generation could power every house in Scotland for over 7 years.

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- This means we can not only generate enough cheap green electricity to power Scotland's economy, but also export electricity to our neighbours, supporting jobs here in Scotland and the decarbonisation ambitions of our partners.
- We must change the way we use energy – reducing demand across our heat, industry and transport sectors and replacing fossil fuel demand with zero carbon technologies.
- As oil and gas production naturally declines, jobs in low carbon energy production could increase to 77,000 by 2050, delivering a 7,000 net increase in jobs across the energy production sector compared with 2019.
- The consultation is open until 9 May and everyone has the opportunity to contribute.
- The draft Energy Strategy and Just Transition Plan also sets out the actions the UK Government needs to take action and work with Scottish Government under the current constitutional settlement to deliver Scotland's full energy potential.
- But in our Independence prospectus papers, we will set more detail how Scotland would use the powers of independence to deliver Scotland's energy potential and transition to net zero.
- This will focus on how we will use full powers over energy to accelerate the rollout of renewable and low carbon technologies; further reduce our dependence on fossil fuels with access to lower cost renewable energy; protect energy consumers in Scotland and focus on energy projects and infrastructure, low carbon generation and sectors where Scotland has energy strengths and opportunities.

ARDERSIER PORT RECEIVES £300M INVESTMENT TO CREATE A NATIONALLY SIGNIFICANT ENERGY TRANSITION FACILITY

- We welcome the announcement of the major investment in Ardesier Port.
- The site has a long history in oil and gas fabrication, and this significant investment allows these skills to be applied to Scotland's just transition to renewables.

BRITAIN JOINS WIND POWER PLAN FOR TURBINE ISLANDS IN NORTH SEA

Grant Shapps has announced a plan for the world's largest multi-use power line under the North Sea, connecting the UK and the Netherlands with offshore wind farms. The LionLink line is only the second of its kind in the world, however it will carry more than 4 times the amount of electricity as its predecessor.

- We support UK Government's existing target of 50GW of offshore wind by 2030, including up to 5 GW of floating offshore wind. However, this raises several important issues for Scotland.

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- Scotland has some of the most extensive renewable generation capabilities in Europe but investments are held back by unfair network charges, and a lack of anticipatory investment in grid capacity.
- The Scottish Government does not have the powers to resolve all of these challenges, but we will continue to work with and, where appropriate, challenge the UK Government to address these barriers and ensure a just transition to net zero.

DELIVERABILITY OF SCOTLAND'S HYDROGEN EXPORT POTENTIAL

We are focused on taking action to ensure Scotland is prepared to play a key role in meeting the growing global demand for hydrogen.

- The final Hydrogen Action Plan, published in 2022, sets out the strategic approach and actions required to support our vision for Scotland to become a leading hydrogen nation in the production of reliable, competitive, sustainable hydrogen.
- Scotland's extensive renewable resources mean we are well-placed to ensure long-term security of supply of green hydrogen in Europe. Scotland is just 700km away from the Netherlands and 750km from the North German coast.
- The economic impact scenarios developed as part of our Scottish Hydrogen Assessment Project suggest that in the most ambitious scenario, establishing Scotland as an exporter of green hydrogen to Europe could result in a £25 billion annual gross contribution to Scotland's Gross Value Added (GVA) with over 300,000 jobs supported by 2045.
- Our economic analysis also concludes that Scotland has the potential to deliver up to 126TWh of green hydrogen per year by 2045 (3.3 Mt), with up to 94TWh (2.5 Mt) of hydrogen for export to Europe, in support of the European Union's target to import 10 million tonnes of hydrogen by 2030, and to the rest of the UK. We will be working closely with industry and international partners over the coming months to develop our Hydrogen Export Plan, that will set out the steps needed to realise Scotland's export potential.

BOOST FOR SCOTLAND JAPAN TRADE LINKS

Energy secretary Neil Gray will travel to Japan this week to deepen ties with existing investors and encourage new business links.

- In Osaka and Tokyo, he will meet current and potential investors in Scotland's offshore wind, hydrogen and low carbon heat industries.

STUC REPORTED DROP IN POTENTIAL OFFSHORE WIND JOBS

It is widely accepted that offshore wind represents a significant opportunity to create tens of thousands of good Scottish jobs.

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- According to the latest report from the Offshore Wind Industry Council (OWIC) [14 June 2022], jobs in this sector in the UK could grow to almost 100,000 by 2030.
- This recent OWIC report also shows a 16% increase in offshore wind jobs compared to last year, showing that the sector currently supports over 31,000 jobs, 30% of which are in Scotland.
- We welcome the report's recognition of the role ScotWind investment plays in this forecasted increase. As Charlotte Stamper of Scottish Renewables said **[QUOTE]:** *"This investment will deliver tens of thousands of skilled jobs, allow Scottish firms to compete in the global offshore wind market and revitalise communities from the Borders to the islands."*
- In fact, independent research carried out for the Scottish Trades Union Congress (STUC) in 2022 shows that Scotwind could add between 2,500-14,400 full time equivalent (FTE) employment. There are also significant opportunities for the Scottish supply chain from our offshore wind potential.

We are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential.

- ScotWind projects could deliver investment in the Scottish supply chain of approximately £1 billion for every gigawatt built, which will help create thousands of jobs and transform the Scottish economy.
- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous supply chain can maximise the benefit from developing Scotland's significant offshore wind potential and the opportunities for innovation that will unlock this.
- The Green Jobs Fund will make £100 million of capital investment available to businesses and supply chains across Scotland to help create new green jobs.
- Input from stakeholders, including STUC, always has and will continue to be central to maximising the benefits of this historic opportunity for all involved.

NUCLEAR

The Scottish Government does not support the building of new nuclear power stations in Scotland under current technologies.

- New nuclear power will take years, if not decades, to become operational and will also be expensive – pushing up household bills.
- Under the current contract awarded by the UK Government to Hinkley Point C, using 2012 prices, the electricity that will be generated will be priced at £92.50 per megawatt hour.
- Conversely, wind is one of the cheapest forms of energy. Electricity being generated from offshore wind is currently priced at £37.65 per megawatt hour. [ref ESJTP- CFD allocation round 4, in 2022 prices]

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- We are clear that the best pathway to net zero energy is through increased investment in renewables, storage, hydrogen and carbon capture – as set out in our draft Energy Strategy and Just Transition Plan.

OFFSHORE WIND / RENEWABLE ENERGY STATISTICS

It is clear that Scotland has huge potential for offshore wind and will play a significant role in the future of global wind energy.

- Scotland's enormous potential for offshore wind has not changed; in fact we have made big progress in recent years.
- Subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline (subject to change) of over 38 GW of offshore wind projects.
- When projects which are awaiting construction, under construction or already operational are added to this the total potential capacity reaches over 40GW – the equivalent to produce enough electricity annually to power every home in Scotland for 17 years, or every home in the UK for over a year and a half.

The Scottish Government has accepted the figure for Scotland's offshore wind potential needs revising.

- Ministers became aware of the report by These Islands on 8 November.
- We are now working to produce an updated figure, which will be published in due course.

The former First Minister corrected the record regarding the Scotland's Renewable electricity consumption.

- Scotland generated the equivalent of 98.8% of our gross electricity consumption from renewable sources (in 2020). This represents excellent progress and indeed, is very close to 100%.
- The UK Statistics Authority has confirmed this figure. It means that in 2020, total renewable electricity generation in Scotland was approximately equal to - or 98.8% of - gross electricity consumption in Scotland.
- This should not be confused with figures from 2020 which show that, of all the electricity generated in Scotland, 61.8% was renewable.
- This is different from the 63.1% figure which relates to a percentage of the total electricity consumed in Scotland that was provided by renewable electricity for the 12 months prior to end September 2022.
- The renewable electricity target is no longer an official target as the target year of 2020 has been reported on.
- Final figures for 2021 show that the equivalent of 85.2% of all electricity used in Scotland (total generation minus net exports) came from renewable sources. This is a 13.6 percentage point decrease to 2020, which is due to milder weather in 2021 negatively impacting renewable electricity generation.

UK 'POWERING UP BRITAIN' ANNOUNCEMENTS

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I am taking the time to consider the announcements made by the UK Government, and will respond to them in due course.

- While there are some welcome announcements in the UK Government's package, the overall package does not provide a clear or coherent strategy to decarbonise the energy economy or provide the level of support households and businesses in Scotland require.
- We are disappointed in the lack of focus on delivering a just transition or on tackling the immediate cost of living crisis.
- The UK Government's proposals lack any credible plan for the oil and gas sector - with yet further consultation on fiscal regimes and no improvement on climate conditionality.

CCUS (ACORN)

While we welcome the UK Government's confirmation that the Scottish Cluster is eligible for Track 2, they have failed to provide certainty around when funding will be awarded.

- The UK Government's decision not to award the Scottish Cluster clear and definitive Track 1 status in its CCUS cluster sequencing process was extremely disappointing. This is a matter which I raised with the Prime Minister during our first phone call.
- I note that, in confirming the Scottish Cluster's eligibility for Track 2 status, the UK Government have stated they do not require a further expression of interest from the Cluster – demonstrating the strength of Scotland's initial bid and further underlining our position as one of the best placed nations in Europe to deploy CCUS.
- The Track 2 funding timeline remains uncertain; the UK Government are merely confirming that they intend to provide an update in the summer, adding further delays on top of never-ending delays. This is compromising our climate change and just transition ambitions.

We have repeatedly called on the UK Government to confirm a plan for delivering the Scottish Cluster.

- Last month, the former Deputy First Minister wrote to the UK Government to urge them to provide the long promised clarity required.
- We do not hold all the necessary legislative and regulatory levers needed to support the Scottish Cluster, as they are not devolved.
UK Government support, including access to BEIS business models, is essential to providing the certainty and support required to accelerate the Scottish Cluster project.

SG SUPPORT FOR HEATING AND FUEL POVERTY

Everyone needs a safe, warm and affordable home, but we know that rising energy bills mean many people are struggling to afford their fuel costs.

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- Our new Winter Heating Payment replaces DWP's Cold Weather Payment and provides a stable, reliable annual £50 which will help around 400,000 low-income individuals with their heating expenses.
 - This compares to an average of 185,000 people received support through the DWP's Cold Weather Payments, with as few as 4,000 people receiving support in 2019-20.
- We have allocated £350m to heat, energy efficiency and fuel poverty measures this year, including £119m targeted at fuel poor households.
- While energy policy is a matter reserved to the UK Government, we remain opposed to the forced installation of pre-payment meters. The additional £45 a year for pre-payment meter users allocated in the UK budget doesn't come close to mitigating the combined impact of high energy costs and management costs passed on by suppliers.

The decision to reduce energy tariffs for households on Pre-Payment Meters will not come into effect until July 2023, coinciding with the end of the £2,500 Energy Price Guarantee.

Having already announced that we would double the Fuel Insecurity Fund to £20m, we have now confirmed that we will instead triple it from £10 to £30m for 2023/24.

- The Fund is now a critical plank in our support to people in the context of unprecedented increases to energy costs.
- It continues to provide a lifeline to households across the country who are at risk of self-rationing or self-disconnecting their energy use.

ONSHORE & OFFSHORE WIND

We welcome the funding announced by the UK Government. Given Scotland's potential for floating offshore wind, we would expect to see much of this spend deployed in Scotland and look forward to receiving the detail.

Onshore wind is a cheap and reliable source of electricity generation and Scotland is leading the way in onshore wind deployment and support.

- Our Onshore Wind Policy Statement published in December 2022 further demonstrated our commitment to onshore wind with a new ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030.
- This is in stark contrast to the position that the UK Government has taken on onshore wind deployment in England where there is an effective ban on the technology.

The Scottish Government is seeking to maximise the opportunities from offshore wind – for energy security, the environment, the economy and the Scottish supply chain – in a way that is sustainable and aligns with our marine planning framework.

- Already one of the cheapest forms of energy (offshore wind cleared in the most recent CFD auction at £37.35/MWh), renewables have a vital role to play in

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supporting long-term affordability of our energy and we want to see these benefits passed on to consumers.

- Our ambition of 8-11 GW of offshore wind by 2030 was set out in the Offshore Wind Policy Statement in 2020.
- We are using the draft Energy Strategy and Just Transition Plan to consult on increasing this ambition, and we are also consulting on establishing a 2045 ambition for offshore wind in Scotland.

ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland.

- We are working to maximise the benefits to the Scottish environment, economy and supply chain from the ScotWind and INTOG leasing rounds, and we will consider how to maximise the benefits from future wind leasing rounds.
- The Supply Chain Development Statements set out ScotWind developers' initial commitments to the Scottish supply chain, with more than £28bn across the 20 ScotWind offshore wind projects.
- The Scottish Government and its agencies continue to work closely with developers and those at the top of the supply chain to ensure that local suppliers in Scotland have the opportunity to compete for contracts.
- In addition to delivering over £700m in revenue for these initial awards alone, the ScotWind projects will start paying rent once operational and will deliver billions of pounds of investment across the Scottish supply chain.

HYDROGEN

5 shortlisted projects in Scotland: ERM Dolphyn Commercial Scale Demonstrator, Pale Blue Dot Cromarty Hydrogen Project, SSER Gordonbush Hydrogen Project, RES and Octopus Renewables Green Hydrogen 1, and SP Whitelee Green Hydrogen

We welcome the announcement of the shortlisted projects and commitments to launch the second allocation round later this year.

- UKG business models are an essential part of building the hydrogen sector that we see as a strong economic opportunity for Scotland. These business models are aligned with our own policy positions on the acceleration of hydrogen production in Scotland to meet our ambition of 5GWs of hydrogen production capacity in Scotland by 2030.
- The Scottish Hydrogen Action Plan acts to support this aim further through the deployment of our £100m capital funding programme for renewable hydrogen (part of the £180m Emerging Energy Technology Fund).
- The first tranche of this £100m, the £10m Hydrogen Innovation Scheme, opened in June 2022 and will support the production, storage and integration of renewable hydrogen in our energy system. The remaining £90m Green Hydrogen Fund will be launched in 2023.

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PUBLIC OWNERSHIP OF ENERGY GENERATION

Keir Starmer promises that Labour would set up a Great British Energy company – a new company which would build and invest in renewable energy generation project – within the first year of a Labour Government. Welsh Government also announced that they are launching a small scale publicly owned energy generation company, which will initially develop onshore wind projects on the WG owned woodland estate.

A national public energy company that is involved in major energy generation would only be possible in an independent Scotland where we had full powers over the energy market and full access to borrowing.

- Many countries have successfully chosen to follow a public ownership model in energy projects and this would be an ambition fully explored in an independent Scotland.
- Full powers in relation to energy generation and borrowing would enable Scotland to consider large scale national public sector involvement or ownership in key energy technologies.
- Current market volatility and the ongoing reserved nature of powers on energy regulation and the energy market mean that now is not the right time for a retail-based public energy company.
- That is why we have set up our national agency Heat and Energy Efficiency Scotland, which will act as a stepping stone to the dedicated body, to be established by 2025.
- We remain supportive of the future potential for a public energy company in Scotland and, through the Agency, will support others with an interest in exploring options to take this forward new models for energy provision.